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Director, Utilities Division
 Arizona Corporation Commission
 1200 West Washington Street
 Phoenix, AZ 85007
 June 6, 2016

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AZ CORP COMMISSION
DOCKET CONTROL

RE: Docket No. W-02⁵18A-13-0414
 Purchased Water Adjustor Surcharge Calculation - Compliance Item

Sirs:

Please review and approve the proposed increase in Commodity and Base Rate Surcharges described below for Q Mountain Vista Water. Upon receipt of the Commission's written approval, the attached Customer Notification will be mailed to current water customers.

Calculation of Purchase Water Commodity Surcharge:

2016 Cost of Purchased Water per 1,000 gallons by Town of Quartzsite	\$5.36
Less: Base Cost of Purchased Water per 1,000 gallons	<u>-2.37</u>
Cost of Purchased water surcharge per 1,000 gallons	\$2.99

Cost of purchased water surcharge (\$2.99) including the allowable water loss (\$2.99 x 10% = \$.30) per 1,000 gallons	\$3.29
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Calculation of Monthly Customer Base Rate Surcharge:

2016 Cost of monthly customer base change by Town of Quartzsite	\$1,085.31
Less Base Cost of monthly customer charge	<u>- 843.23</u>
	\$ 242.08
Divided by the Average Number of Customers for Tax Year 2015	<u>÷ 218</u>
Customer Surcharge Per Month Per Customer	\$ 1.11

Thank you,

Michael A. Glover, President
 Board of Directors
 Q Mountain Mobile Home Park dba Q Mountain Vista Water

Arizona Corporation Commission
DOCKETED
 JUN 10 2016

DOCKETED BY

Q Mountain Vista Water and HOA Members:

The Purchased Water Adjuster Mechanism Tariff was designed by and approved by the Arizona Corporation Commission in 2014 to allow Q Mountain Vista Water to recover increases imposed by the Town of Quartzsite.

For the next 2 years the Q Mountain Vista Water will experience an increase in their Commodity and Service Surcharge rates as a result of increases in the Commodity and Service Rates imposed by Quartzsite Town.

This mechanism is in place until 2018, and as a result, the costs of your water usage will increase on August 1.

The following is an explanation of the rate calculation based on an example bill of 10,000 gallons usage:

Tier 1 - 2,000 gallons commodity rate at \$2.50 per thousand gallons; $\$2.50 \times 2 = \5.00
Tier 2 - 5,000 gallons commodity rate at \$5.00 per thousand gallons; $\$5.00 \times 5 = \25.00
Tier 3 - 3,000 gallons commodity rate at \$7.50 per thousand gallons; $\$7.50 \times 3 = \22.50^*

Total 10,000 gallons commodity usage cost = \$52.50

In July 2016, the Town of Quartzsite imposed a \$2.99 increase in the commodity rate to Q Mountain Vista Water from \$2.37 per thousand gallons of water used to \$5.36. To pay for the increase, the Arizona Corporation Commission approved a surcharge increase for Q Mountain Vista Water.

The usage surcharge calculation approved by the Arizona Corporation Commission is as follows:

$\$2.99$ (rate increase) + 10% allowable loss mandated by AZCC ($\$2.99 \times .10$) = $\$0.30^{**}$

Commodity Surcharge $\$2.99 + \$0.30 = \$3.29$ per thousand gallons of water used

Total 10,000 gallons commodity surcharge rate is $10 \times \$3.29 = \32.90

Total commodity usage rate is $\$52.50 + \text{surcharge rate } \$32.90 = \$85.40^{*}$**

*****This is the charge for the amount of water used**

In 2016 the Town of Quartzsite increased the service fee to Q Mountain Vista Water to \$1,085.31 for our 6" meter.

Q Mountain Vista Water service fee remained unchanged at \$17.00.

The calculation for the surcharge on the Quartzsite base rate approved by the Arizona Corporation Commission is as follows:

$\$1,085.31$ (new monthly town rate) - $\$843.23$ (town base rate) = $\$242.08$

Q Mountain Vista Water number of average monthly customers = 218

Total surcharge $\$242.08 / 218 = \1.11^{}**

Total monthly charge for 10,000 gallons	\$85.40
	17.00
	+ 1.11
	\$103.51

Tax $7.6\%^{} \times \$103.51 = \$7.86 + \$103.51$ TOTAL BILL = \$111.37**

*All usage over 7,000 gallons is charged a commodity usage rate of \$7.50 per thousand gallons.

**Number shown reflects rounded value.